Annexure 4

QUESS
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REPORT ADOPTED BY THE AUDIT COMMITTEE OF QUESS CORP LIMITED ("COMPANY" OR "DEMERGED COMPANY") AT ITS MEETING HELD ON FEBRUARY 16, 2024 RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, DIGITIDE SOLUTIONS LIMITED ("RESULTING COMPANY 1") AND BLUSPRING ENTERPRISES LIMITED ("RESULTING COMPANY 2") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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1. MEMBERS PRESENT

Sl. No.	Name of members	Designation
1	Mr. K. R. Girish, Chairperson	Non-Executive Independent Director
2	Mr. Chandran Ratnaswami	Non-Executive Director
3	Mr. Gopalakrishnan Soundarajan	Non-Executive Director
4	Ms. Revathy Ashok	Non-Executive Independent Director
5	Mr. Sanjay Anandaram	Non-Executive Independent Director

IN ATTENDANCE:

Mr. Kamal Pal Hoda — Group Chief Financial Officer
Mr. Kundan K Lal — Company Secretary and Compliance Officer

INVITEES:

Mr. Ajit Isaac - Chairman
Mr. Guruprasad Srinivasan - Executive Director & Group CEO
Mr. Ravishu Shah Managing Director & Co-Head-Valuations and Ms. Neha Ghelani - Representative of RBSA Advisors -Merchant Banker-Fairness Opinion on Valuation
Ms. Drushti Desai, Partner, Ms. Ushma Shah, Partner and Mr. Mohammed Polewala, Associate – Representative of Bansi S. Mehta & Co., Registered Valuer
Mr. Anand Jayachandran, Partner - Representatives of Cyril Amarchand Mangaldas, Law Firm

2. BACKGROUND

(a) A meeting of the Audit Committee of the Company was held on February 16, 2024, to consider and recommend to the board of directors of the Company ("**Board**") the draft composite scheme of arrangement ("**Scheme**") between Quess Corp Limited ("**Demerged Company**"), Digitide Solutions Limited ("**Resulting Company 1**") and Bluspring Enterprises Limited ("**Resulting Company 2**", and together with Resulting Company 1, the "**Resulting Companies**" and the Resulting Companies, together with the Demerged Company shall be referred to as the "**Companies**") and their respective shareholders and creditors under Sections 230-232 and other applicable provisions of the Companies Act, 2013 and the rules and/ or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("**Act**"), and other applicable laws including the master circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 '*Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957*' dated June 20, 2023, as amended from time to time or any other circulars issued by the Securities and Exchange Board of India ("**SEBI**") prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, (collectively, the "**SEBI Scheme Circular**"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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("**Listing Regulations**"), Section 2(19AA) and other relevant provisions of the Income-tax Act, 1961. The Scheme provides, *inter-alia* for:

(i) the demerger of Demerged Undertaking 1 (*as defined in the Scheme*) (comprising of the Transferred Business 1(*as defined in the Scheme*)) into Resulting Company 1 and in consideration, the consequent issuance of equity shares by Resulting Company 1 to all the equity shareholders of the Demerged Company in accordance with the Share Entitlement Ratio 1 (*as defined below*);

(ii) the demerger of Demerged Undertaking 2 (*as defined in the Scheme*) (comprising of the Transferred Business 2 (*as defined in the Scheme*)) into Resulting Company 2 and in consideration, the consequent issuance of equity shares by Resulting Company 2 to all the equity shareholders of the Demerged Company in accordance with the Share Entitlement Ratio 2 (*as defined below*); and

(iii) matters consequential or connected therewith.

(b) The Demerged Company is incorporated under the provisions of the Companies Act, 1956 bearing corporate identity no. L74140KA2007PLC043909 having its registered office at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore 560103. The equity shares of the Company are listed on the BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Resulting Company 1 is a public company, limited by shares, incorporated under the Act bearing corporate identity no. U62099KA2024PLC184626 having its registered office at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore 560103. The shares of Resulting Company 1 are held by the Demerged Company and its nominees, such that Resulting Company 1 is a wholly owned subsidiary of the Demerged Company. Resulting Company 2 is a public company, limited by shares, incorporated under the provisions of the Act bearing corporate identity no. U81100KA2024PLC184648 having its registered office at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru, India – 560103. The shares of Resulting Company 2 are held by the Demerged Company and its nominees, such that Resulting Company 2 is a wholly owned subsidiary of the Demerged Company.

(c) In terms of the SEBI Scheme Circular, a report from the Audit Committee recommending the draft Scheme is required, taking into consideration *inter alia* the Share Entitlement Ratio Report (*as defined hereinafter*), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Audit Committee is made in order to *inter alia* comply with the requirements of the Listing Regulations and the SEBI Scheme Circular.

(d) The following documents were placed before the Audit Committee:

(i) Draft Scheme;

(ii) Certificate dated February 16, 2024 from M/s. Deloitte Haskins & Sells LLP, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards as specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India ("**Auditor's Certificate**");

(iii) Undertaking dated February 16, 2024 by the Company as prescribed under Paragraph (A) (10) (c) of Part I of the SEBI Scheme Circular stating the reasons for non-

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applicability of Paragraph (A) (10) (b) along with the certificate dated February 16, 2024 from M/s. Deloitte Haskins & Sells LLP, Statutory Auditor of the Company, certifying the said undertaking ("**Auditor's Certificate under Paragraph (A) (10) (c)**");

(iv) Share Entitlement Ratio Report dated February 16, 2024 issued by Bansi S. Mehta Valuers LLP, Registered Valuer (IBBI Registration Number: IBBI/RV-E/06/2022/172) ("**Registered Valuer**") *inter-alia*, recommending the Share Entitlement Ratio 1 and Share Entitlement Ratio 2 in connection with the proposed Scheme ("**Share Entitlement Ratio Report**");

(v) Fairness opinion dated February 16, 2024 issued by RBSA Capital Advisors LLP, a Category I Merchant Banker registered with SEBI, for providing a fairness opinion on the valuation carried out by the Registered Valuer in the Share Entitlement Ratio Report i.e., with respect to the Share Entitlement Ratio 1 and Share Entitlement Ratio 2 in connection with the proposed Scheme ("**Fairness Opinion**"); and

(vi) Other presentations, documents and information made to/furnished before the Audit Committee, pertaining to the draft Scheme.

The Audit Committee reviewed and approved the aforesaid documents, noted the recommendations made therein, including the Share Entitlement Ratio 1 and Share Entitlement Ratio 2 with respect to the proposed Scheme and recommended the same for approval of the Board.

3. PROPOSED SCHEME

3.1 SALIENT FEATURES

The Audit Committee considered and noted the salient features of the Scheme as under:

(a) The Scheme provides *inter alia* for:

(i) the demerger of Demerged Undertaking 1 to Resulting Company 1;

(ii) the consequent issuance of the New Equity Shares 1 (*as defined below*) by Resulting Company 1 to the equity shareholders of the Demerged Company;

(iii) the demerger of Demerged Undertaking 2 to Resulting Company 2;

(iv) the consequent issuance of the New Equity Shares 2 (*as defined below*) by Resulting Company 2 to the equity shareholders of the Demerged Company; and

(v) matters consequential or connected therewith;

pursuant to Sections 230 to 232 of the Act and other applicable provisions thereof read with Section 2(19AA) of the Income-tax Act, 1961, and the SEBI Scheme Circular.

(b) As consideration for the demerger of Demerged Undertaking 1, Resulting Company 1 shall issue and allot New Equity Shares 1 to the equity shareholders of the Demerged Company based on Share Entitlement Ratio 1 in proportion to their shareholding in the Demerged Company, in the following manner:

Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking 1 into Resulting Company 1 pursuant to provisions of the Scheme, Resulting Company 1 shall, without any further act or deed, issue and allot equity shares ("**New Equity Shares 1**") to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:

*"For every 1 (one) equity share of face and paid-up value of Rs 10/- (Indian Rupees Ten only) each held in the Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (Indian Rupees Ten only) each of Resulting Company 1 to be issued to the equity shareholders of the Demerged Company." ("**Share Entitlement Ratio 1**")*

(c) Post effectiveness of the Scheme, Resulting Company 1 shall apply for and procure the listing of its New Equity Shares 1 on the stock exchanges in terms of and in compliance with the SEBI Scheme Circular. The New Equity Shares 1 allotted by Resulting Company 1 pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

(d) As consideration for the demerger of Demerged Undertaking 2, Resulting Company 2 shall issue and allot New Equity Shares 2 to the equity shareholders of the Demerged Company based on Share Entitlement Ratio 2 in proportion to their shareholding in the Demerged Company, in the following manner:

Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking 2 into Resulting Company 2 pursuant to provisions of the Scheme, Resulting Company 2 shall, without any further act or deed, issue and allot equity shares ("**New Equity Shares 2**") to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:

*"For every 1 (one) equity share of face and paid-up value of Rs 10/- (Indian Rupees Ten only) each held in the Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (Indian Rupees Ten only) each of Resulting Company 2 to be issued to the equity shareholders of the Demerged Company." ("**Share Entitlement Ratio 2**")*

(e) Post effectiveness of the Scheme, Resulting Company 2 shall apply for and procure the listing of its New Equity Shares 2 on the stock exchanges, in terms of and in compliance with the SEBI Scheme Circular. The New Equity Shares 2 allotted by Resulting Company 2 pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

(f) Immediately upon the issue and allotment of New Equity Shares 1 by Resulting Company 1 and New Equity Shares 2 by Resulting Company 2 to the equity shareholders of the Demerged Company in accordance with the Scheme, and pursuant to provisions of Sections 230-232 of the Act, the existing shareholding of the Demerged Company and its nominees in the Resulting Companies, as applicable, will stand cancelled, extinguished and annulled which shall be regarded as reduction of share capital of the respective Resulting Companies, without any further act, instrument or deed.

(g) The "**Appointed Date**" for the purpose of the Scheme means the opening of business hours on April 01, 2024 or such other date as approved by the National Company Law Tribunal, Bengaluru ("**NCLT**").

(h) The "**Effective Date**" means the date on which the last of the conditions and matters referred to in Clause 39 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme. References to the "date of coming into effect of the Scheme" or "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the effective date.

(i) Pursuant to Clause 39 of the Scheme, the effectiveness of the Scheme is and shall be conditional upon and subject to:

(i) the sanction or approval of the appropriate authorities and other sanctions and approvals (as may be required by applicable law) in respect of the Scheme being obtained in respect of any of the matters in respect of which such sanction or approval is required or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;

(ii) approval of the Scheme by the requisite majority of each class of shareholders/ creditors of the Companies as may be required under the Act and SEBI Scheme Circular or as may be directed by the NCLT. It is clarified that the Scheme is conditional upon it being approved by the public shareholders through e-voting in terms of Part I (A)(10)(a) of the SEBI Scheme Circular;

(iii) receipt of such other approvals, sanctions and fulfillment of conditions as may be agreed in writing amongst the Companies;

(iv) the sanction order being obtained by the Companies from the NCLT; and

(v) certified/ authenticated copy of the sanction order, being filed with the Registrar of Companies by the Companies in relation to the Scheme.

3.2 NEED FOR THE DEMERGER AND RATIONALE OF THE SCHEME

The Audit Committee reviewed and recommended to the Board the draft Scheme, Share Entitlement Ratio Report and Fairness Opinion and noted the need, rationale and the benefits of the Scheme to the stakeholders and the shareholders which, *inter-alia*, are as follows:

(a) The Demerged Company was established in the year 2007, with a focus on providing business services, leveraging its extensive domain knowledge and future-ready digital platforms to drive client productivity through outsourced solutions.

(b) Over the past 16 (sixteen) years, the Demerged Company has been a pioneering leader and has expanded its geographic presence and scale. The Demerged Company currently has offices across India, Southeast Asia, North America and Middle East.

(c) The Demerged Company's business portfolio is spread across various business services platforms including Work Force Management, Global Technology Solutions, Operating Assets Management and Product-Led Business. These businesses are carried out directly by the Demerged Company as well as through its subsidiaries or associate companies.

(d) The nature of technology, operations, customer landscape, risk, competition and operations involved in each of these businesses is distinct, and consequently, each business is capable of addressing independent business opportunities, deploying different technologies, and attracting different sets of talent, customers, investors, strategic partners, lenders and stakeholders.

(e) In order to strengthen the value proposition for customers, unlock significant long-term valuation and upside value creation for the shareholders (through focused management, clearer choices of capital allocation, etc.) and to provide investors, strategic partners, lenders and stakeholders the flexibility to participate in some or all of these distinct businesses, the Demerged Company proposes to re-organise and segregate its business portfolio in the manner contemplated under the Scheme, as detailed below:

(i) the transfer of the Demerged Undertaking 1 (i.e., the undertaking engaged in Transferred Business 1) to Resulting Company 1; and

(ii) the transfer of the Demerged Undertaking 2 (i.e., the undertaking engaged in Transferred Business 2) to Resulting Company 2.

(f) The Scheme will ensure long-term value creation and is in the best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders.

(g) The proposed restructuring pursuant to the Scheme, is expected, *inter alia*, to result in the following benefits:

(i) simplification of organisational and operating structure to enable sharper management focus on individual platforms and business requirements, thereby allowing management of each of the business undertakings to pursue independent growth strategies. The proposed restructuring will result in separation of the current diversified businesses under the Demerged Company to each of the Resulting Companies focusing on similar type of businesses and independent management of each of the businesses will be able to ensure the required depth and focus on each of the businesses and the adoption of strategies necessary for the growth of respective businesses;

(ii) facilitating the pursuit of scale and independent growth plans (organically and inorganically) of all segments with more focused management, flexibility and liquidity for the shareholders, following the listing of equity shares of the Resulting Companies, pursuant to the Scheme;

(iii) insulating and de-risking the businesses from one another;

(iv) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;

(v) reinforcing strong stewardship through more value-focused capital allocation strategies and ensuring that existing and potential investors are able to realise full returns on their investments;

(vi) facilitating creation of value for the shareholders through a segregated corporate structure by realigning the business portfolio of the Companies to attract specific investors for each of the businesses, and consequently, encouraging stronger capital market outcomes, and creating the ability to achieve valuation based on respective risk returns profile and cash flows;

(vii) facilitating diversification by allowing investors to invest separately in different businesses with different investment characteristics thereby enabling them to select investments that best suit their investment strategies and risk profiles;

(viii) creating an even stronger internal foundation for performance management and accountable ownership aligned with long-term shareholder value creation; and

(ix) providing scope for mitigation of overlapping services, and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

The Audit Committee was of view that the rationale and benefits of the Scheme justify the proposed arrangement/ demerger.

3.3 SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The Audit Committee noted the following:

The demerger of the Demerged Undertaking 1 and Demerged Undertaking 2 of the Company into Resulting Company 1 and Resulting Company 2 respectively would create simplified structure and would create independent listed companies with distinct set of growth opportunities.

The demerger would result in achieving efficiency in operational processes, implementation of intendent strategies specifically designed for each business and in optimizing profitability of each of these entities.

The demerger is expected to create distinct business verticals for each of the business portfolios of the Company comprising two new flagship listed companies, thereby unlocking their potential value and simplification of the corporate structure enabling faster and industry specific decision making.

Upon demerger, the benefits and synergies as mentioned in para 3.2 above shall be derived.

4. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

The Audit Committee noted the following.

Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking 1 into Resulting Company 1 pursuant to provisions of the Scheme, Resulting Company 1 shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:

*"For every 1 (one) equity share of face and paid-up value of Rs 10/- (Indian Rupees Ten only) each held in the Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (Indian Rupees Ten only) each of Resulting Company 1 to be issued to the equity shareholders of the Demerged Company." ("**Share Entitlement Ratio 1**")*

Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking 2 into Resulting Company 2 pursuant to provisions of the Scheme, Resulting Company 2 shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:

*"For every 1 (one) equity share of face and paid-up value of Rs 10/- (Indian Rupees Ten only) each held in the Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (Indian Rupees Ten only) each of Resulting Company 2 to be issued to the equity shareholders of the Demerged Company." ("**Share Entitlement Ratio 2**")*

Accordingly, all the equity shareholders of the Demerged Company as on the Record Date (*as defined under the Scheme*) shall become the equity shareholders of Resulting Company 1 and Resulting Company 2 by virtue of the demerger of the Demerged Undertaking 1 and Demerged Undertaking 2 to Resulting Company 1 and Resulting Company 2 respectively.

Further, the shares issued as a consideration by Resulting Company 1 and Resulting Company 2 to the shareholders of the Company pursuant to the Scheme shall be listed on BSE and NSE.

The beneficial economic interest of the equity shareholders of the Company will remain same post implementation of the Scheme and every shareholder of the Company will hold same percentage of equity ownership (*interse*) in the Resulting Companies as well.

Further, the Scheme will facilitate creation of value for the shareholders of the Company through a segregated corporate structure by realigning the business portfolio of the Companies to attract specific investors for each of the businesses, and consequently, encouraging stronger capital market outcomes, and creating the ability to achieve valuation based on respective risk returns profile and cash flows.

In light of the aforementioned rationale and benefits of the Scheme and other related matters, the Audit Committee is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company including minority shareholders.

5. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring some costs by each of the Companies towards its implementation, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company in terms of improved competitiveness, operational efficiency and other benefits as specified under need & rationale of the Scheme. It will be beneficial for the Demerged Company and Resulting Companies.

6. RECOMMENDATION OF THE AUDIT COMMITTEE

In view of the above, the Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion, Auditor's Certificate, Auditor's Certificate under Paragraph (A) (10) (c), recommends the draft Scheme for favourable consideration and approval of the Board, stock exchange(s), SEBI and other appropriate authorities.

FOR AND ON BEHALF OF THE
AUDIT COMMITTEE OF QUESS CORP LIMITED

Certified True

Kalpathi Ratna Girish
DIN: 07178890
Chairman of the Audit Committee
Date: 16 February 2024
Place: Bengaluru